Group Selection

Priced as of December 12, 2018

Note: Group tickers incorporate hyperlinks to decile charts, and then a link to our Toolkit of the group members.

See back pages for user guide and disclaimer.
Sources for all charts: BMO Capital Markets
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### Sector Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>29% / 40% / 44%</td>
<td>-20% / -24% / -21%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>22% / 28% / 33%</td>
<td>3% / -2% / 2%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>27% / 38% / 41%</td>
<td>-2% / -9% / -2%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>25% / 34% / 37%</td>
<td>2% / -3% / 3%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>32% / 45% / 50%</td>
<td>22% / 15% / 24%</td>
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<tr>
<td>Hlth Care</td>
<td>46% / 55% / 56%</td>
<td>3% / -3% / 1%</td>
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<tr>
<td>Financials</td>
<td>25% / 38% / 45%</td>
<td>-1% / -8% / 2%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>36% / 45% / 49%</td>
<td>9% / 3% / 7%</td>
<td></td>
</tr>
<tr>
<td>Comm Srv</td>
<td>32% / 43% / 49%</td>
<td>22% / 13% / 18%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>42% / 55% / 60%</td>
<td>47% / 38% / 53%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>38% / 52% / 58%</td>
<td>26% / 16% / 27%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>25% / 38% / 45%</td>
<td>-1% / -8% / 2%</td>
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*Three terms define the relative performance Z-Score rating versus the markets (US = S&P 500; GBL = MSCI AC World; CDA = S&P/TSX Composite)

- (a) % Outperforming - what percentage of sector members is outperforming the market,
- (b) Reward/Risk - how consistent is the median relative strength performance of the sector membership ( / ranking),
- (c) Trend Psn - what is the net percentage of the sector members which are breaking above/below relative strength channels.

The strength z-Score is weighted 60% towards the trend parameters (% outperforming and reward/risk ratios) and 40% towards the trend positions (reversals of trends). Gridlines are placed at 0.5 increments.

See Help Pages for further details.
Strength Changes Last Session

- Gold → Tobacco
- ApparRtl → AirprtSrv
- brewers → Biotech
- HmFrnsh → SpecialFin
- OG Drill
- DataProc → IndCongl
- HCSupplls → Aero&Def
- Thrft&Mtg → ITConsult
- HvyElcEq → Silver
- Og Drill
- IntgTelSrv → LeisFcil
- SpCmSrv → InetDmRtl
- MltSecHld
- DiversBnk → WlsTelSrv
- REstDvAct → MotcyMfg
- REstDevl → Tire&Rub
- DiversChm
- RsncSlt → Distrib
- Footwear
- Broadcast
- Htl&Rsrt
- April&Gds
- DvrsMng
- CstrMat
- CmclPrt
- Ag&Farm
Momentum

Strength

Consumer Staples

December 12, 2018

Mark Steele (416) 359-4641

Dist&Vnt
distvnt.png

25 stocks;$104bn

AgriProd
agri.png

13 stocks;$503bn

Tobacco
tob.png

12 stocks;$328bn

SoftDrinks
soft.png

PkgFdMt
pkg.png

PersPrdct
pers.png

Brewers
brew.png

HhldPrdct
hhld.png

19 stocks;$542bn

120 stocks;$1149bn

33 stocks;$477bn

14 stocks;$379bn

17 stocks;$576bn

11 stocks;$56bn

SprCntrs
spr.png

12 stocks;$476bn

FdDistri
fd.png

34 stocks;$353bn

6 stocks;$95bn

FdRetail
fd.png

11 stocks;$56bn

17 stocks;$542bn
Momentum

Strength

Utilities

December 12, 2018

Mark Steele (416) 359-4641

GasUtil
37 stocks; $242bn

IPPTrad
23 stocks; $113bn

MultiUtil
55 stocks; $454bn

ElecUtil
97 stocks; $1T2bn

WaterUtil
22 stocks; $86bn

RenewElec
20 stocks; $51bn
Momentum

Strength

Real Estate

December 12, 2018

Mark Steele (416) 359-4641

RetailREIT ↑ 50 stocks; $283bn

DiversREIT 35 stocks; $146bn

REstOpCo 38 stocks; $239bn

IndusREIT 23 stocks; $127bn

SpecREIT → 31 stocks; $345bn

ResidREIT ↓ 27 stocks; $169bn

OfficeREIT 34 stocks; $159bn

HCareREIT 17 stocks; $109bn

REstDvAct 34 stocks; $292bn

REstDevl 34 stocks; $298bn

REstSrv ↑ 12 stocks; $34bn

HotelREIT ↑ 19 stocks; $55bn

RetailREIT ↑ 50 stocks; $283bn

DiversREIT 35 stocks; $146bn

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HCareREIT 17 stocks; $109bn

REstDvAct 34 stocks; $292bn

REstDevl 34 stocks; $298bn

REstSrv ↑ 12 stocks; $34bn

HotelREIT ↑ 19 stocks; $55bn
User Guide 1 - Definitions & Dataset

Group Strength
Our Global Group analysis is based on bottom-up equity relative strength analysis as opposed to industry group (index) relative strength analysis.

Strength Decile Defined By
1. What percentage of a groups members are outperforming
2. How consistant that outperformance is
3. How the are members positioned (above/below) vs. their trend channels.

Momentum Decile
Rate of change of strength (change in 5-day moving average)

The Underlying Equity Relative Strength Analysis
Each day, for every equity we cover, our relative strength system assesses the best fit trend from a spectrum which covers a minimum trend duration of six months, and a maximum of 4-years. The "best fit" is the trend which maximizes duration, and minimizes deviation from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,700 securities.
- Groups have a:
  ...Median depth of 28
  ...Average depth of 36

Heat Map Colour and Symbol Guide
- Strength is highlighted by the background of the group title
  - Bright green = best (1st decile) transitions towards...
  - Bright red = worst (10th decile)
- Momentum is highlighted in the border of the group title
  - Colour map for momentum is the same as strength
- Symbols to the right of the group ticker show where a group moved from in the previous session. Below the group symbol we highlight the number and total market capitalization of the members in a group. Clicking on the group, which brings up the chart via a hyperlink, will help to clarify the moves.
User Guide 2 - Momentum

Our Goals:
- To buy outperforming stocks in favoured groups
- To avoid underperforming stocks in unfavoured groups
- To be alerted of and act on the changes

#1 Rule of Momentum: You can use it only if it exists

- In stable/trending markets, one can buy stocks with high strength and momentum and hold them as long as momentum does not turn negative (trend following).

- In very rotational markets (e.g., where credit, currency, commodity conditions are choppy/changing):
  - Buying high strength and high momentum may be dangerous (buying yesterday’s winners).
  - One is better off buying stocks with moderate strength and high momentum (bottom fishing).
User Guide 3 - Buy/Hold/Sell

Buy
- Groups with high strength and high positive momentum (top left) - “In Favour”
- Groups with moderate strength and high positive momentum - “Transitioning to Positive”
- Groups with mediocre strength and high positive momentum - “Gaining Favour”

Buy/Hold
- Groups with high strength and neutral momentum (middle left) - “Maintaining Favour”

Sell
- Groups with low strength and high negative momentum (bottom right) - “Out of Favour”
- Groups with moderately negative strength and high negative momentum - “Transitioning to Negative”
- Groups with mediocre strength and high negative momentum - “Losing Favour”
User Guide 4 - Hyperlinks To Decile Charts & Stock Selection

- Each group is hyperlinked to a chart that shows the relative strength decile as a function of time, and the moving average (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
<td>57.0%</td>
<td>52.8%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</td>
<td>52.6%</td>
<td>41.1%</td>
<td>41.6%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
<td>5.5%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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